



<NOTICE>

<PREAMB>

FEDERAL RESERVE SYSTEM

[Docket No. OP – 1471]

Payment System Risk Policy; Daylight Overdraft Posting Rules

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Policy Statement.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) has revised part II of the Federal Reserve Policy on Payment System Risk (PSR policy) to eliminate certain posting rules to conform with changes to the Treasury Tax and Loan (TT&L) program.

DATES: *Effective Date:* [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT:

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For users of Telecommunications Device for the Deaf (TDD) only, please call 202-263-4869.

SUPPLEMENTARY INFORMATION:

Background

The Board's PSR policy establishes the procedures, referred to as posting rules, for the settlement of debits and credits to institutions' Federal Reserve accounts for different payment types.¹ The application of these posting rules determines an institution's intraday account balance and whether it has incurred a negative balance (daylight overdraft).

¹ The Board's PSR policy is available at www.federalreserve.gov/paymentsystems/psr_policy.htm.

The Board is removing the posting rules for Electronic Federal Tax Payment System (EFTPS) investments from ACH credit and debit transactions, which currently post at 8:30 a.m. and 11:00 a.m. eastern time, respectively. This change conforms with the U.S. Department of Treasury's decision to eliminate retained electronic tax deposits from its TT&L program effective January 1, 2012. Beginning in January 2012, electronic tax deposits were no longer deposited in the TT&L main account balances of retainer and investor depositaries, and all retained tax deposits held in these accounts were withdrawn by December 30, 2011.² Institutions' Federal Reserve account balances are not affected by the removal of these posting rules because all EFTPS investments from ACH credit and debit transactions have ceased.

Policy on Payment System Risk

The Federal Reserve Policy on Payment System Risk, section II.A., under the heading "Procedures for Measuring Daylight Overdrafts" and the subheadings "Post at 8:30 a.m. Eastern time" and "Post at 11:00 a.m. Eastern time," is amended to remove the posting rules for EFTPS investments from ACH credit and debit transactions as follows:

Procedures for measuring daylight overdrafts³

Post at 8:30 a.m. Eastern time:

+/- Term deposit maturities and accrued interest

+/- Government and commercial ACH credit transactions⁴

² Under the TT&L program, a retainer depositary was a TT&L depositary that retained some of the electronic tax payments in its Treasury Investment Program (TIP) main account balance. An investor depositary is a TT&L depositary that accepts direct investments of Treasury funds and historically retained some electronic tax deposits in its TIP main account balance. Following the withdrawal of retained tax deposits in December 2011, the Treasury eliminated the designation of *Retainer Depositary* from the TT&L program.

³ This schedule of posting rules does not affect the overdraft restrictions and overdraft-measurement provisions for nonbank banks established by the Competitive Equality Banking Act of 1987 and the Board's Regulation Y (12 CFR 225.52).

- + Treasury checks, postal money orders, local Federal Reserve Bank checks, and savings bond redemptions in separately sorted deposits; these items must be deposited by 12:01 a.m. local time or the local deposit deadline, whichever is later
- + Advance-notice Treasury investments
- Penalty assessments for tax payments from the Treasury Investment Program (TIP).⁵

Post at 11:00 a.m. Eastern time:

+/- ACH debit transactions

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By order of the Board of Governors of the Federal Reserve System, acting through the Director of the Division of Reserve Bank Operations and Payment Systems under delegated authority, November 19, 2013.

Robert deV. Frierson,
Secretary of the Board.
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⁴ Institutions that are monitored in real time must fund the total amount of their commercial ACH credit originations in order for the transactions to be processed. If the Federal Reserve receives commercial ACH credit transactions from institutions monitored in real time after the scheduled close of the Fedwire Funds Service, these transactions will be processed at 12:30 a.m. the next business day, or by the ACH deposit deadline, whichever is earlier. The Account Balance Monitoring System provides intraday account information to the Reserve Banks and institutions and is used primarily to give authorized Reserve Bank personnel a mechanism to control and monitor account activity for selected institutions. For more information on ACH transaction processing, refer to the ACH Settlement Day Finality Guide available through the Federal Reserve Financial Services website at <http://www.frbfinancialservices.org>.

⁵ The Reserve Banks will identify and notify institutions with Treasury-authorized penalties on Thursdays. In the event that Thursday is a holiday, the Reserve Banks will identify and notify institutions with Treasury-authorized penalties on the following business day. Penalties will then be posted on the business day following notification.

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